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DEPARTMENT PLEASE PASS TO NSC - DAMON WILSON

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SUBJECT: BUDAPEST DEMONSTRATIONS: FIDESZ OUT FOR A SPIN

REF: BUDAPEST 1941 AND PREVIOUS

Classified By: Classified by POL/C Eric V. Gaudiosi; Reasons 1.4 (b) and (d)

FIDESZ OFFICIALS: A CRISIS FIT FOR AN EXPERT

11. (U) Addressing an "emergency session" of diplomatic and business community leaders at the Budapest Atlantic Forum September 26, former FM Janos Martonyi and MP Zsolt Nemeth presented FIDESZ's views on the demonstrations.

12. (SBU) Martonyi cast the "Gyurcsany tape" in the context of the government's "creeping assault" on Hungary's democratic institutions, commenting that "only the PM's language should have surprised us." The government, he continued, is "legal but no longer legitimate," and having "lost credibility" with the public it would inevitably "lose credit" from the international community. FIDESZ MP Janos Horvath echoed this comment, attacking the "myth" that only the Gyurcsany government could implement reforms and insisting the financial community would care more about "credibility than any balance sheet."

13. (SBU) Turning to the October 1 local elections, Martonyi walked back from recent FIDESZ references to the vote as a referendum, characterizing it now as a "message." "Whatever happens in the elections," he continued, FIDESZ believes the parties must "sit down October 2" to agree on the formation of a "one-year provisional government of experts" to "manage the crisis." Although he believes the PM to be "morally dead," he would respect the MSZP's decision to have him participate in the talks.

14. (SBU) Nemeth went further in his brief remarks, describing the PM as "a notorious pathological liar." He cast the Gyurcsany government's policies as "living Kadarism" and stated, "this is about our past - about communism" and about the betrayal of "Hungary's judeo-christian values." That is why the nation had "spontaneously" and "fantastically" risen up in response. Should Gyurcsany not pursue the government of experts, he concluded, there are "more negative scenarios" including a "declining moral and economic situation" and "growing social unrest and instability."

15. (C) President Solyom, known as a staunch proponent of the rule of law, sought out the Ambassador September 26 to make clear that his "first priority" is "Hungary's economic stability." Although he commented that one cannot "tolerate lies," he indicated that he is focused on getting through the present economic straits rather than getting rid of PM Gyurcsany.

COMMENT: USED ORBAN - GOOD ACCELERATION; BAD STEERING; NO BRAKES

¶16. (C) FIDESZ continues to spin ... perhaps slightly out of control. With only days left before the elections, their leaders - albeit with Orban conspicuous in his absence - are trying to chart a course beyond the local elections. Their call for a "government of experts," as Nemeth admitted to the Ambassador September 25, has no constitutional basis, and their argument that FIDESZ could better implement reforms lacks credibility given their campaign promises.

¶17. (C) This highlights FIDESZ's central dilemma: although the demonstrations have mobilized the party's base, it is not clear that they have expanded it. The tape may reinforce criticism of Gyurcsany as insincere and even autocratic (heard even within the coalition), but thus far there is no sign that Hungary's critical swing voters are more offended by Gyurcsany's comments than they are by the opposition's actions. Indeed, many doubt Orban is in any position to cast stones. Despite his public comment this weekend that he has "never lied to the Hungarian people," our colleagues in the diplomatic community clearly recall Orban's remarks to EU Ambassadors during the campaign, in which he urged them to "pay no attention to what I say to get elected" and promised to pursue radical reforms upon taking office. Orban has been largely silent - or silenced - since.

¶18. (C) The elections are a target of opportunity to attack Gyurcsany, and FIDESZ spokesmen appear to be setting few limits on their rhetorical outbursts, perhaps in part because they see little legitimacy in a regime they can only see as "communist." But they may succeed only in making the mad madder. Coalition insiders maintain that the demonstrations will increase their turn-out more than the opposition's, and recent polls indicate a 14% increase in those planning to vote on October 1.

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¶19. (C) Although he has put FIDESZ on the offensive, it is important to remember that Orban is attacking from a position of tactical strength but strategic weakness. His rhetoric notwithstanding, the local elections have no impact on the composition of Parliament. The more he inflates their importance, the more he risks the perception that a poor showing makes him a three-time loser. His government took little action to right Hungary's economic course, and he is offering few constructive alternatives to the Gyurcsany plan now. In an open letter released September 26, Hungarian Democratic Forum (MDF) President Ibolya David criticized both the government and FIDESZ in equal measure, branding FIDESZ a "left-wing party" that had embraced "populist demagoguery" and "affiliated with right-wing extremists" because "the political stance of Victor Orban is simple: gaining power at any price." There are already those in the party - even among its founding members - who believe the time has come for a change in leadership if FIDESZ is to remain a party rather than become a cult of personality.

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